Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

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PAGE 01 MONTRE 00134 201405Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 COME-00 EB-08 FRB-01 TRSE-00
XMB-04 OPIC-06 LAB-04 SIL-01 OMB-01 GSA-02 INT-05
STR-06 /113 W
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R 192210Z JAN 78
FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 9933
INFO AMEMBASSY OTTAWA
AMCONSUL QUEBEC

UNCLAS MONTREAL 0134

E.O. 11652: NA
TAGS: EINV, EMIN, EIND, CA
SUBJECT: QUEBEC ASBESTOS

REF: MONTREAL 1973, 1767 AND PREVIOUS (ALL 1977)

1. A STUDY COMMISSIONED BY THE QUEBEC MINING ASSOCIATION (QAMA), AND CARRIED OUT UNDER STEWARDSHIP OF ARTHUR D. LITTLE, HAS CONCLUDED THAT POTENTIAL FOR INCREASED PROCESSING OF ASBESTOS IN QUEBEC IS LIMITED. BY 1982, REPORT STATES THAT QUEBEC CAN HOPE TO INCREASE EMPLOYMENT IN ASBESTOS MANUFACTURING BY ONLY 400 JOBS, AN INCREASE OF ABOUT 30 PERCENT OVER PRESENT LEVEL, BUT FAR FROM PQ'S ANNOUNCED TARGET OF 15,000 NEW JOBS OVER TEN YEAR PERIOD.

2. INCREASE PROJECTED BY STUDY WOULD RAISE PERCENTAGE OF QUEBEC'S ASBESTOS PROCESSED WITHIN PROVINCE FROM PRESENT LEVEL OF 3.4 PERCENT TO 6.5 PERCENT. WITHIN TEN YEAR PERIOD, PQ HAS ANNOUNCED THAT ITS OBJECTIVE IS TO RAISE PROCESSING PERCENTAGE TO ABOUT 20 PERCENT, WHICH MENAS AN INCREASE IN QUANTITY OF ASBESTOS PROCESSED IN QUEBEC FROM PRESENT TOTAL OF 40,000 SHORT TONS TO TOTAL
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PAGE 02 MONTRE 00134 201405Z

APPROXIMATING 200,000 SHORT TONS. (ABOUT 1.3 MILLION SHORT TONS OF ASBESTOS ARE MINED ANNUALLY IN QUEBEC.)

3. ARTHUR D. LITTLE STUDY SELECTS THREE AREAS WITH PROCESSING POTENTIAL IN QUEBEC: ASBESTOS CEMENT FINISHED SHEET, MOLDED FRICTION PRODUCTS (PRIMARILY REPLACEMENT BRAKE LINING), AND FLOORING FELTS. TOTAL INVESTMENT REQUIRED FOR THE PROCESSING

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FACILTIES WOULD AMOUNT TO DOLS 60 MILLION. OF THE THREE RECOM-
MENDED PRODUCTS, REPORT SINGLES OUT FINISHED SHEET AS HAVING
BEST POSSIBILITIES. WITH REGARD TO INDUSTRY AS WHOLE, REPORT
SAYS THAT MOST ASBESTOS PRODUCTS ARE MATURE PRODUCTS ON DOWN-
TURN OF THEIR HISTORICAL CYCLES. OUTLOOK FOR ASBESTOS IS FURTHER
DEPRESSED BECAUSE OF OPPOSITION FROM ENVIRONMENTALISTS, IMPLE-
MENTATION OF HEALTH STANDARDS, AND GROWING USE OF ASBESTOS SUB-
STITUTES.

4. COMMENT: FINDINGS OF REPORT ARE IN LINE WITH WHAT INDUSTRY
HAS BEEN TELLING PROVINCIAL GOVERNMENT FOR SOME TIME: THAT BOTH
LIMITED MARKET POTENTIAL FOR QUEBEC PROCESSED ASBESTOS PRODUCTS
AND CAPITAL INTENSIVE NATURE OF PROCESSING OPERATIONS PRECLUDE
INCREASE IN EMPLOYMENT ANYWHERE NEAR TARGETS ENVISAGED BY PQ.
QUEBEC'S NATURAL RESOURCES MINISTER YVES BERUBE WAS QUICK TO
ATTACK REPORT'S CONCLUSIONS, CALLING THEM TOO PESSIMISTIC. FOR
SUPPORT, BERUBE REFERRED TO REPORT BY U.S. DEPARTMENT OF IN-
TERIOR, INDICATING DEMAND FOR ASBESTOS WAS INCREASING AT RATE
OF 4.5 PERCENT PER YEAR. PROBLEM HERE IS THAT INTERIOR FIGURES REFER
TO GROWTH IN DEMAND FOR ASBESTOS FIBERS, WHICH IS QUITE DIFFERENT
FROM DEMAND FOR ASBESTOS PRODUCTS PROCESSED IN QUEBEC. MUCH OF
INCREASE IN DEMAND ORIGINATES IN DEVELOPING COUNTRIES WHO WILL
EITHER WANT THEIR OWN PROCESSING FACILITIES, OR SEEK
SOURCES CLOSER TO THEIR MARKETS THAN QUEBEC. WHILE
QUEBEC MAY HOPE EVENTUALLY TO INFLUENCE DECISION ON LOCATION
OF PROCESSING FACILITIES THROUGH CONTROL OF NECESSARY RAW
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MATERIAL, ECONOMICS OF TRANSPORTATION AND INROADS FROM COMPETING
PRODUCTS MAKE THIS A RISKY GAME.
HARPER

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Decaption Note:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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EO Systematic Review
20 Mar 2014
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